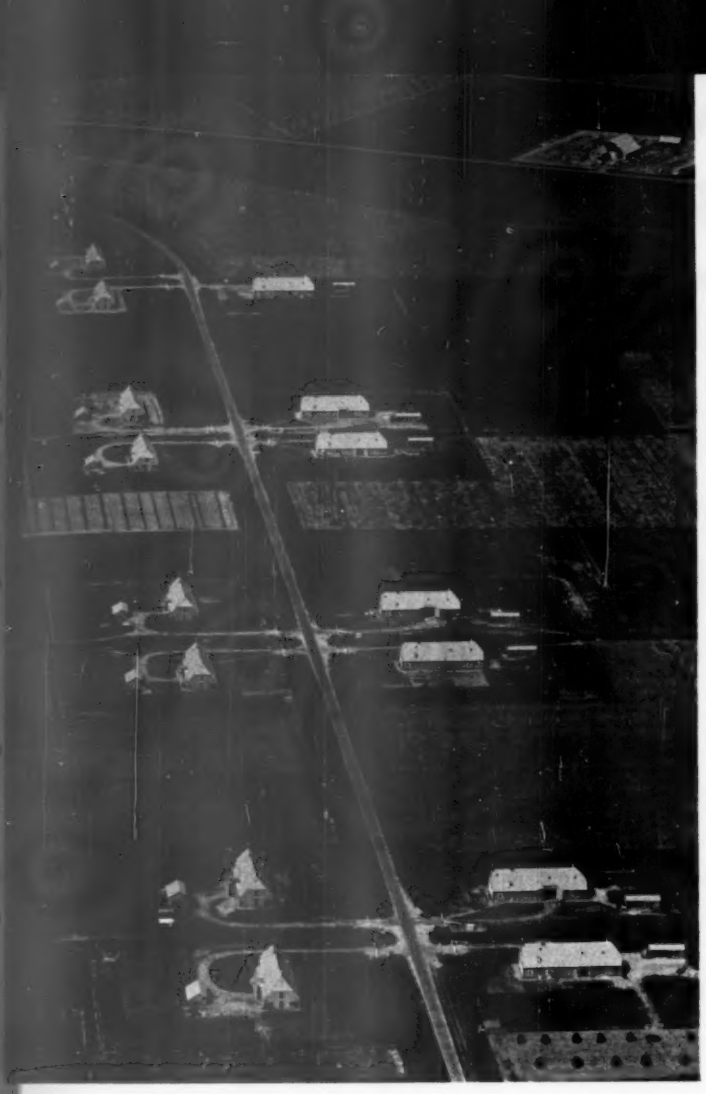

OCTOBER 19, 1964

THE UNIVERSITY OF MICHIGAN
PERIODICAL READING ROOM

WESTERN EUROPE'S AGRICULTURE
20 YEARS AFTER WORLD WAR II

ARGENTINA'S 1964 EXPORTS
MAY SET NEW RECORD

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

OCTOBER 19, 1964

VOL II • NUMBER 42

Holland's Northeast Polder. Once a part of the Zuiderzee, it is now one of the richest farming sections in Western Europe. See article on opposite page on changes in Europe's agriculture since World War II.

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DEPOSITED BY THE
UNITED STATES OF AMERICA

Western Europe's Agriculture 20 Years After World War II

Rapid advances have been made and output has mounted but new policies are essential if European farmers are to enjoy better living standards.

By JOSEPH W. WILLETT
Foreign Regional Analysis Division
Economic Research Service

The rebuilding and continued rapid economic growth of Western Europe has proceeded at a rate far faster than seemed likely 20 years ago. Today its 315 million people have an average per capita purchasing power two-thirds higher than that of the 260 million Europeans of pre-World War II.

After World War II there was a rapid acceleration in the development of industry in Western Europe, and in the decade of the 1950's, industrial production more than doubled. Agriculture has also made a big contribution to Western Europe's present prosperity. Between 1954 and 1963, agricultural production increased 25 percent and production per capita 15 percent.

However, in Western Europe, as is usual in rapidly developing economies, agricultural output is declining in relative importance. Gross agricultural output as a proportion of Gross National Product is decreasing in every country. At present, this proportion varies widely from country to country, ranging from less than 4 percent in the United Kingdom to more than 25 percent in Greece.

Europe's trade in farm commodities

Western Europe is the largest regional market in the world for exports of farm products, and by far the best dollar market for U.S. farm exports. Imports of this region account for a very high share of the international commercial trade in fats and oils, eggs, dairy products, meat, wheat, and feed grains. Recently Western Europe has been taking about 40 percent of total U.S. farm exports and more than 50 percent of U.S. dollar exports of farm products. However, the region's share of total world agricultural imports has fallen from about 60 percent before World War II to about 50 percent in recent years.

During this same period, the region's agricultural exports have increased, largely to other European countries. Before World War II, Western Europe imported about 30 percent of its food supply in terms of calories. This declined to about 25 percent by the end of the 1950's.

Sources of increased output

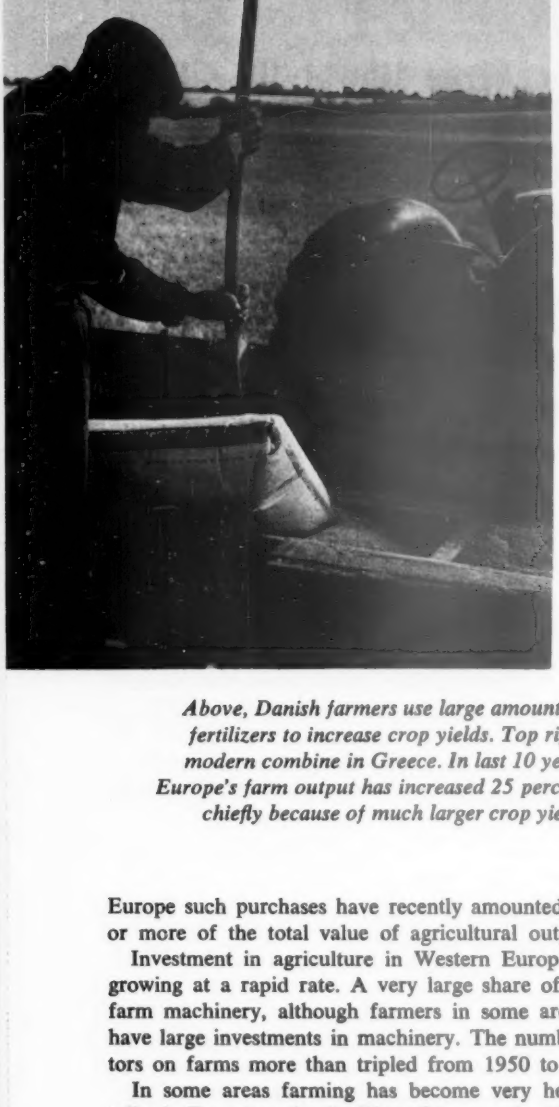
Western Europe has little unused agricultural land, so the total area in crops has not changed appreciably since before World War II. Increases in agricultural output have been brought about mainly by higher crop yields and increased production of livestock products.

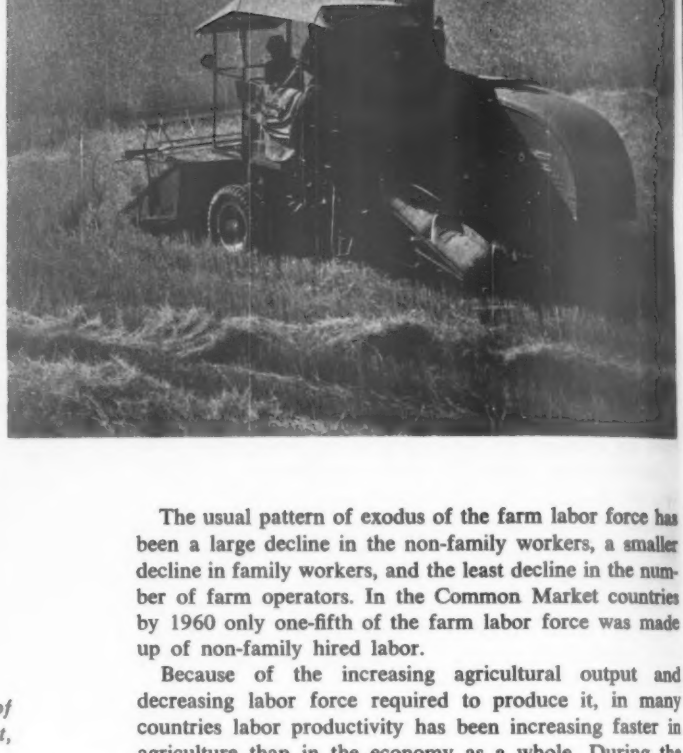
Yields rose nearly 30 percent between 1934-38 and 1958-60, with most of the increase coming after 1948-52. And this has not been simply a process of the less advanced countries catching up with the more advanced; the latter have also rapidly raised yields. However, some of the most spectacular results took place in the less developed countries. Crop yields in Greece rose about 40 percent from 1952 to 1962.

Increased efficiency in livestock feeding has also made an important contribution to output. For example, in Denmark and in West Germany in the latter 1950's the livestock production per unit of feed supply was respectively 28 percent and 20 percent over the pre-World War II level.

The increases in yields and in livestock productivity have come largely from increased inputs and changes in the combination of inputs associated with the adoption of modern technology. Farmers have greatly increased their purchases of inputs from the non-farm sectors of the economies. In achieving higher levels of technological development farmers have increased their purchase of fertilizers, pesticides, fuel, feed, and seed. Throughout Northwestern

West German farmer surveys his crops in early summer





Above, Danish farmers use large amounts of fertilizers to increase crop yields. Top right, modern combine in Greece. In last 10 years, Europe's farm output has increased 25 percent, chiefly because of much larger crop yields.

Europe such purchases have recently amounted to a third or more of the total value of agricultural output.

Investment in agriculture in Western Europe has been growing at a rapid rate. A very large share of this is for farm machinery, although farmers in some areas already have large investments in machinery. The number of tractors on farms more than tripled from 1950 to 1960.

In some areas farming has become very heavily capitalized. For example, in West Germany in 1959/60 the value of capital invested per worker (excluding land) was much higher in agriculture than in industry. Investment in machinery has released labor and has contributed to greater production by enabling the farmers to do a better job of plowing, planting, cultivating, and harvesting. The use of tractors has also released the acreage formerly needed to feed draft animals. Since 1948-52 the horse population has declined by nearly half.

Labor productivity and income

In addition to its direct contribution to the production of economic goods, agriculture has supplied labor for the growing demands of the rest of the economy. The agricultural labor force as a proportion of the total labor force is declining in every country. This proportion now ranges from less than 4 percent in the United Kingdom to more than 45 percent in Greece and Portugal.

During the decade of the 1950's the active farm population dropped about 40 percent in Denmark and Sweden, about 30 percent in Belgium, Germany, and Italy, and 25 percent in Norway and France. More than a million workers left the land in Italy in 10 years.

The usual pattern of exodus of the farm labor force has been a large decline in the non-family workers, a smaller decline in family workers, and the least decline in the number of farm operators. In the Common Market countries by 1960 only one-fifth of the farm labor force was made up of non-family hired labor.

Because of the increasing agricultural output and decreasing labor force required to produce it, in many countries labor productivity has been increasing faster in agriculture than in the economy as a whole. During the 1950's agricultural output per farm worker grew by more than 5 percent annually in Greece and West Germany, and by 4 percent or more in a number of other countries.

Farm incomes have risen rapidly; in Northwestern Europe real net income per man-year rose nearly 40 percent during the 1950's. However, non-farm wages have also been rising rapidly, and there appears to have been little, if any, closing of the gaps between farm and non-farm per capita incomes. Thus the decline of the agricultural labor force has generally been in response to better opportunities elsewhere.

This does not mean that all farmers in Western Europe earn low incomes. There are wide variations in farmers' incomes. In most West European countries there are a relatively small number of large, well-equipped and well-managed farms which produce satisfactory incomes, while a much larger number of small, often fragmented, poorly equipped farms produce comparatively low incomes.

A large proportion of Western Europe's farmers derive a substantial part of their income from non-farm work. Part-time farming is often an intermediate stage in the shift from farming to non-farm occupations. The continuing existence of large numbers of very small farms, plus the high level of demand for labor in nonagricultural occupations, together with improved transportation, should insure that part-time farming will continue to be important for some years to come.

Agricultural problems

Although agriculture has made important contributions to Europe's recent rapid economic growth, it is also contributing to a set of problems which unless solved or ameliorated may produce significant drags on the rate of future growth.

Inflation, which is causing serious difficulties in a number of European countries, is one such problem. High agricul-

Above, processing broilers in Danish poultry plant, and testing Danish cheese for export to West Germany. Right top, cooperative dairy at Le Mans; below, indoor feeding of Charolais cattle on modern French farm.

tural prices have an important effect on the cost of living because food still accounts for a large share of consumers' budgets. The high support prices established for agricultural commodities have also led to the production of surpluses in some countries. There have been rather frequent surpluses of milk and at times, surpluses of wheat, pork, and eggs.

Another serious problem is that, despite the movement from farms to industry, there are real shortages of labor for industry in some countries. Moreover, agriculture may not be able to continue releasing labor to industry at the same rate as in recent years.

Although there are a number of programs to encourage larger and more consolidated farms, Western European agriculture is still handicapped seriously by structural problems. Very small farms are the rule in Europe. In 1961, nearly half the farms in Austria, Belgium, West Germany, and Switzerland were less than 12 acres in size. In most countries holdings of 2½ to 25 acres cover nearly a third of the area in farms.

Such small farms cannot produce a satisfactory level of living for farmers. The fragmentation of farms into a number of separated plots is still common in all countries with the exception of the United Kingdom, Ireland, and Scandinavia. For example, West German farmers average more than 11 fragments per operator. These conditions waste land and time and make it difficult or impossible to use modern equipment effectively, and thus, they inhibit the adoption of modern technology.

The number of larger farms is increasing, but slowly. As indicated, the out-movement of farm labor has been primarily the movement of workers who do not own farms. For farm sizes to grow substantially many of the farmers themselves must leave, and farmers are generally much less mobile than the rest of the farm labor force. Also, as many of the young people have left the farms, the farm labor force has grown older. In France in 1955, a fifth of the farm operators were over 66 years old, and only about a fourth were less than 45. The older farmers do not have good opportunities for off-farm work, and they tend to be less adaptable in adjusting to technological changes.

Agricultural policies

The agricultural policies of Western Europe have many facets. Several programs are aimed at promoting greater efficiency in farming; i.e., research, extension, consolidation, and credit. In a number of Western European countries there are programs for encouraging industries to establish in rural areas. Such establishments encourage both the movement of labor off the farm and part-time farming.

There are other programs aimed at increasing the mobility of farm workers in moving to non-farm jobs. For example, Sweden, France, and the Netherlands have programs to assist those who wish to leave agriculture in learning a new trade, while providing them with financial assistance in moving to a new location and new occupation. Also, Germany, France, and the Netherlands have pension programs or special payments designed to assist elderly farmers in retiring as well as active programs to consoli-

date small holdings into larger, more viable units as farmers leave agriculture.

One of the most important means by which Western Europe has attempted to solve its farm problems has been to insulate agriculture from international competition. Farm interests have strong political representation in most of the countries, and farmers are usually well organized and politically active. The desires of farmers for economic and social stability and for participation in the general rise in levels of living have produced strong pressures for agricultural protectionism.

A very high proportion of the agricultural production of the area is protected by a variety of tariffs and non-tariff import controls. Price policies have been aimed at both stabilizing and raising the prices of agricultural commodities. The Common Agricultural Policy of the Common Market countries while liberalizing trade within the Community may tend to further insulate agriculture from outside competition. At the same time, the full implementation of the Policy in the EEC countries is expected to raise prices paid for food at both farm and retail levels.

Difficult problems still unsolved

Western Europe's agriculture has made some rapid advances during recent years. Output has grown rapidly; in some regions there has been a rapid rate of adaptation of modern technology; and there has been a substantial movement of excess farm labor to more productive uses in industry. However, the large adjustments in agriculture have been unevenly spread throughout the region and have left unsolved some of the more difficult problems.

In most countries a large number of farm families have levels of living substantially lower than the rest of the population. Price supports give only limited benefits to many of the low-income farmers, and cannot bring their incomes up to the levels of the operators of large, productive farms. Much of the low-income farm problem will not yield to any measures other than a major recombination of scattered plots and small farms into contiguous and much larger units. At the same time, the number of farmers must be substantially reduced.

The peasant farmer and his peasant ways have been in Europe a long time and are closely integrated into the society and the politics of the area. The major restructuring of the agricultural society which is required in some areas will not be easy to accomplish quickly. The age of many of the farmers and their lack of formal education make it difficult to integrate them into industry. Western Europe is faced with fundamental decision, both as to the appropriate mechanisms for modernizing and adapting its agriculture, and also as to the pace of adaptation.

Economic forces are operating in such a way that many of the necessary adjustments undoubtedly will be made eventually. However, the problem is whether these adjustments will occur fast enough. If Europe's farm community as a whole is to secure substantially better levels of living, governments will have to place greater emphasis on programs and policies directly aimed at correcting those basic structural defects in their agriculture that prevent its effective adaptation to modern society.

Study Estimates Japan's Long-Term Farm Import Requirements

Japan is the leading U.S. market for agricultural goods, and the United States is Japan's leading supplier of these goods. To gain some insight into the future of this mutually valuable economic partnership, USDA's Economic Research Service and Foreign Agricultural Service contracted with the Institute for Agricultural Economic Research, Tokyo University, to make long-term projections of supply and demand in Japan for the farm products most important in U.S.-Japanese trade.

The study prepared by this independent organization, published in Tokyo this spring, was entitled *Japanese Import Requirement: Projections of Agricultural Supply and Demand for 1965, 1970, and 1975*. It covers wheat and wheat flour, rice, corn and other feed grains, cotton, tobacco, oilseeds, tallow, dairy products, hides and skins.

One of the study's two summary tables is shown here. The other, dealing with the value of imports, indicates that Japan's imports of the nine major agricultural commodity groups from all suppliers may grow from $1,030 million in 1960 to some $3,200 million by 1975. U.S. agriculture can expect to share substantially in this greatly expanding market.

JAPANESE DEMAND, DOMESTIC SUPPLY, AND IMPORTS OF MAJOR FARM COMMODITIES, PROJECTIONS FOR 1965, 1970, and 1975

Commodity	1965			1970			1975		
	Demand	Domestic supply	Imports	Demand	Domestic supply	Imports	Demand	Domestic supply	Imports
	1,000 m.t.	*1,000 m.t.*	*1,000 m.t.*	*1,000 m.t.*	*1,000 m.t.*	*1,000 m.t.*	*1,000 m.t.*	*1,000 m.t.*	*1,000 m.t.*
Wheat	4,340	1,766	2,574	4,806	1,923	2,883	5,363	2,078	3,285
Rice	13,760	[1] 13,400 13,300	[1] 360 460	13,706	[1] 14,700 13,800	0	13,319	[1] 16,000 14,200	0
Corn and other feed grains [2]	9,729	7,576	3,614	13,502	8,959	6,159	18,373	10,575	9,509
Cotton	741	0	741	827	0	827	907	0	907
Tobacco (high grade)	21	0	21	41	0	41	55	0	55
Oilseeds:									
Seeds	3,539	688	2,851	5,099	668	4,431	6,786	655	6,131
Oil (actual wgt.)	125	43	82	142	43	100	164	43	122
Tallow	182	17	166	177	20	157	172	25	147
Hides and skins	[1] 277 217	28	[1] 249 189	[1] 529 329	31	[1] 498 298	[1] 807 454	37	[1] 770 417
Dairy products [3]	3,281	3,422	0	6,537	5,537	1,000	9,891	7,786	2,105

[1] High and low estimates. [2] Includes all concentrates—brans, oilseed meal, tubers, fishery products, etc.—in actual weight.
[3] Raw milk weight.

Argentina's Exports for 1964 May Set New Record

Historically, livestock and agricultural products have accounted for about 90 percent of Argentina's total exports. Accordingly, in recent years when Argentina has had no great difficulties in finding outlets abroad for its agricultural surpluses, the annual values of Argentina's exports have been influenced by two main factors: (1) the availability of animal and agricultural commodities for export and (2) world price movements in those items.

For the decade prior to 1962 the annual exports fluctuated rather narrowly around the billion-dollar mark which led to the creation of the local cliché of a billion-dollar barrier. In 1962 and 1963, due to a combination of favorable circumstances, Argentina soundly broke through the barrier. In the first of those 2 years the volume and value of grain and vegetable oil exports were at considerably better than the average level of immediately preceding years, while at the same time exports of livestock products, especially beef and cattle hides, were at somewhat better than average level. In many a previous year, improvement in exports of animal products had been largely offset by a deterioration in exports of other agricultural products, or vice versa.

From the $1,216 million of 1962, exports climbed to $1,365 million in 1963. Agricultural products (excluding livestock) were down from the previous year's level although above the preceding 5-year average; however, animal products, chiefly because of the very large beef shipments, were very much higher. An important fillip to total trade was the $100-million expansion in exportation of products not tradionally sold abroad.

Exports for the first half of 1964 had a value of $751 million, which compares with $659 million for the corresponding period of 1963. The major factor was the large volume of wheat exports, made possible by an exceptionably bountiful 1963-64 crop. Exports of animal products held up at the very good level of 1963. Beef exports declined in tonnage, but rose in value terms because of especially favorable international prices. Nontraditional exports totaled $50 million, more than in the corresponding period of 1963 but less than half that of full year 1963.

New exports developed

During recent years the Argentine Government has made special efforts to promote the development of export trade in so called nontraditional products, particularly manufactures. This nontraditional export drive has had encouraging results in the last 2 years. Exports of miscellaneous products soared to $129 million in 1963 from the previous year's value of $29 million.

The big items were $64 million of sugar shipments and $21 million of finished steel sales. The list of diverse exports was very extensive and included many manufactured goods that Argentina had never before exported. Some of the items were quite minor in volume and value, but accumulatively they gave a nice foreign exchange gain for the country.

With respect to the principal item, sugar, world market shortage and exceptionally high prices, plus the convenience that concurrently Argentina had a bountiful sugar crop, enabled the country to emerge as an exporter of a commodity in which it is not ordinarily competitive.

With the recovery of domestic markets, however, numerous manufacturers are showing diminishing interest in seeking foreign outlets. As a further consideration, the peso return on the U.S. dollars was much more encouraging to nontraditional exports in 1962 and 1963 than it has been in 1964. Especially during the last 18 months, production costs have risen much faster than the peso quotation for the dollar.

As a broad generalization, most Argentine manufactures are not now competitive in price and quality with the products of more developed industrial nations. There are exceptions—and also special opportunities for Argentine sales in regional markets. So while it would be difficult at this stage to forecast the probable long-range effects of the nontraditional export drive, the immediate outlook is for a decline from the high 1963 level, but for appreciably larger returns during the next several years than the $30-million average annual exports of 1960-62.

Argentina's export returns, therefore, will depend principally on the country's availabilities for export of livestock and agricultural products and on the world price movements in those commodities. Market access can become a problem, especially if there is greatly increased protectionism in countries that are traditional outlets for Argentina's agricultural surpluses; however, market access is not a limiting factor in the immediate picture. Argentina's immediate prospects are strongly influenced by factors not within its control: weather conditions and international prices.

These are not the sole influences, of course. Official incentives and disincentives also play an important role in the type and intensity of agricultural and livestock production. Domestic support prices, taxation, and exchange-rate policy are especially significant in this regard. Argentina, for its own benefits, could adopt additional measures to stimulate investment in agricultural and livestock production and to increase agricultural and livestock productivity, but these are evolutionary developments which will take time to effect.

Favorable trade balance seen

Probably 1964 exports will establish a new record of over $1.4 billion, from which the trend will be downward unless Argentina again has a number of fortuitous things going for it at the same time. Prior to 1962, as mentioned, Argentina's annual exports fluctuated around the billion-dollar mark. Meanwhile, no outstanding increase in agricultural and livestock productivity has occurred, nor have there been major expansions in land under cultivation or in livestock population. On the other hand, there has been a build-up in exports of nontraditional exports, and, whether or not the 1963 level is maintained, a new element of export earnings has been added.

It is risky to prognosticate that Argentina will have large trade balances during the next 5 years or so; it is less venturesome to predict an overall favorable balance of trade for that period. Above all, imports will probably be held around a billion dollars a year for balance of payments reasons, the government, if necessary, adopting official measures to curtail imports.

—DISPATCH FROM ARGENTINA

Two-Way Benefits of Food for Peace Are Cited As P.L. 480 Law Is Extended for 2 More Years

On the eve of the signing by President Lyndon B. Johnson of the extension of Titles I and II of P.L. 480, Assistant Secretary of Agriculture George L. Mehren was addressing the Governors' Food for Peace Conference at Ames, Iowa. His remarks follow here.

The Food for Peace program has grown in importance and value, year by year. Today it represents an endeavor of tremendous domestic and international consequence. I would like to take inventory of some of the Food for Peace contributions that might never have been made if we lacked this nail in our economic, social, and foreign policy structure. There are many such contributions.

$12.3-billion farm exports

In the absence of the Food for Peace program, or equivalent legislation, during these past 10 years we could have lost $12.3 billion worth of additional foreign outlets for our domestic agricultural production. This is the value of U.S. farm products that have been shipped overseas under this program since 1954.

Without this program, the farmers of this nation would have lost foreign outlets for: 494 million bushels of corn; 2.9 billion pounds of cornmeal; 195 million bushels of grain sorghums; 189 million pounds of lard; 899 million pounds of tallow; 4.8 billion pounds of soybean oil; 5.5 billion pounds of nonfat dry milk; 713 million pounds of cheese; and 193 million pounds of poultry, beef, and pork. These are the actual amounts of U.S. farm commodities that have been shipped overseas under this program during its 10 years.

Sales promotion in 67 countries

Ten years ago, comparatively little export sales promotion of American farm products was being done. Today, the USDA and 44 separate agricultural producer and trade groups have worldwide export sales promotion programs underway in 67 countries. This jointly financed work is a direct product of Public Law 480, which sets aside a portion of Title I sales receipts for use in market development programs and thereby has stimulated and set in motion new and far-ranging export promotion work.

Virtually all U.S. agricultural export commodities are represented in these joint projects of government and private industry. U.S. trade associations handle the overseas projects in cooperation with our Foreign Agricultural Service and they too make substantial financial contributions from their own private funds to augment the foreign currencies made available from Title I sales.

During the past 10 years, over $80 million worth of local currencies have been made available for export promotion, augmented by additional funds from our private cooperators. American farm products are being promoted in the world's dollar markets as never before, at international trade fairs and centers, through advertising programs, through marketing research, and many other avenues that bring American suppliers and foreign buyers closer together.

This new market development work is an important reason why American agriculture, during the 1964 fiscal year that ended June 30, was able to break all previous export records—attaining a level of $6.1 billion for the year, an increase of $1 billion over the previous year, with most of this increase in expanded dollar sales.

Trade supports aid

It goes without saying that we cannot afford, as a nation, to have "aid without trade." We need substantial trade in order to support our aid. In fiscal year 1963, 30 percent of our agricultural exports moved under Food for Peace, 70 percent as commercial sales. In fiscal year 1964, 25 percent of our agricultural exports moved under Food for Peace, 75 percent as commercial sales. The actual level of Food for Peace shipments was about the same both years — somewhat over $1.5 billion—but this

Indian youths unload U.S. wheat from a boat on the Hooghly River in Bengal. Public Law 480, during the past 10 years, has provided additional foreign outlets for 3.4 billion bushels of wheat produced on American farms.

increase in dollar sales is a healthy thing all around, for it gives a stronger base from which to carry on the Food for Peace program.

Income to farmers and business

In the absence of Food for Peace, our farm and business communities would be materially retarded by the loss in production outlets and additional commerce created by the program.

I have referred to the great volume of farm products exported under P.L. 480. These exports represent the annual production of close to 30 million acres. They have eased the intense pressure for drastic cutback in farm production. They have strengthened markets. They have relieved the government of the cost of storing many commodities. To show what intensified exports can do to surplus inventory, let me add that our nation's wheat carryover on July 1, totaling 900 million bushels, was 295 million bushels below a year earlier and it was the third consecutive year that the carryover had dropped.

Not only the farmer but a large part of the American business community benefits from Food for Peace. Every dollar that agriculture earns from exports is a stimulant of commerce. Export dollars buy machinery, fertilizer, fuel, storage, transportation, packaging, and processing; they pay wages and interest. The additional income farmers get by supplying foreign markets is spent largely in local businesses across the nation, particularly among those agricultural service businesses from which our farmers buy supplies and services at the rate of over $40 billion a year.

Building new customers

In the absence of Food for Peace, we would lack a potent force for helping to build a more prosperous world.

A basic purpose of the program, aside from feeding the hungry, is to help raise levels of living and expand world trade. We feel the ultimate test of the program's success lies not in how much we can give away to people who are destitute, but in how much people can afford to buy from us because they are leaving destitution behind and becoming more prosperous. The program is meeting that test. Because of Food for Peace, millions are achieving new ability to leave destitution behind.

(Continued on page 10)

Twenty-three Changes in the New Public Law 480

1. Provides 2-year extension through December 31, 1966, for both Titles I and II. (Titles III and IV did not require extension, because they have no fixed expiration dates.)

2. Authorizes $2.7 billion (plus carryovers and reimbursements to Commodity Credit Corporation from sales of foreign currencies for dollars) to cover extended period for Title I.

3. Provides an annual authorization of $400 million (plus carryover) for Title II.

4. Prohibits sales under Title I to any Communist country (e.g., Poland and Yugoslavia) or any country whose ships are permitted to go to Cuba, but provides that such countries shall be eligible for sales under Title IV. (Any country otherwise ineligible under Title IV because of Battle Act, e.g., Poland, would be restricted to 5 years' credit.)

5. Prohibits sales under Title I or Title IV to any country determined by U.S. President to be an aggressor against any country having diplomatic relations with United States, or using U.S. funds for purposes inimical to this country.

6. Limits financing on ocean freight charges on Title I shipments under agreements signed after January 1, 1965, to differential by which U.S.-flag rate exceeds foreign-flag rates. Agreements must provide that recipient country pay the balance in dollars.

7. Requires exchange rates for Title I sales to be highest legally obtainable and no less favorable than those obtainable by any other nation.

8. Establishes Executive-Legislative Advisory Committee to make recommendations on use of foreign currencies and on improvement in administration of Act. Committee must be consulted with respect to policies on economic development loans, Cooley loans, the degree of convertibility to pay U.S. obligations, and related matters.

9. Provides that proposed use of foreign currencies for nonmilitary grants, or proposed use of loan repayments for any purpose must be submitted to the Senate and House Committees on Agriculture. Either Committee has the right to disapprove within 30 days (60 days if Congress not in session).

10. Increases the minimum amount of Title I foreign currencies subject to appropriation process from 10 to 20 percent.

11. Requires Title I foreign currencies to be convertible "to the extent consistent with the effectuation of the purpose of the Act," and, in any event, to the extent necessary to meet obligations or charges payable by U.S. Government agencies (e.g., Suez Canal charges).

12. Requires Title IV credits to bear interest at not less than minimum rates required for development loans under Foreign Assistance Act.

13. Requires Title I foreign currency loans under sales agreements entered into after the effective date of the bill to bear interest at not less than cost of funds to United States, unless Advisory Committee recommends lower rate, and the President so designates.

14. Authorizes use of $7.5 million per year of CCC funds under Title II to purchase Title I currencies for self-help activities conducted by voluntary agencies.

15. Removes 25-percent ceiling on amount of foreign currencies which may be used for Cooley loans, and substitutes provision that currencies shall be available to the maximum usable extent.

16. Authorizes sales of foreign currencies to U.S. citizens for travel or other purposes. (This item provides for the incorporation in P.L. 480 of Section 612(b) of the Foreign Assistance Act of 1961, as amended.)

17. Authorizes use of foreign currencies for activities in support of counter-insurgency programs.

18. Extends authority to pay general average contributions to shipments of commodities donated under Section 416 and related statutes as is now provided for shipment under Title II.

19. Provides that Title I shall be used to assist friendly nations to be independent of trade with the Communist regime in China, as well as with the USSR.

20. Changes the reporting requirement under the Act from a semiannual report to an annual report.

21. Permits food commodities donated abroad under Section 416 to be used for self-help activities.

22. Requires expenditures under P.L. 480 to be classified in the budget as expenditures for international affairs and finance.

23. Directs CCC to make extra-long-staple cotton available for export at world prices as long as it is in surplus. These exports are not to be considered, however, in setting future acreage allotments and marketing quotas.

First Shipment of U.S. Frozen Chickens Arrives in Tunisia

Tunisian and U.S. officials met at Tunis recently for ceremonies marking the arrival of the first shipment of frozen U.S. fryers to Tunisia. Among them were: (l-r) Admiral (ret.) H. W. Ziroli, European representative of the U.S. poultry industry's International Trade Development Board; and Farid El Mokhtar, Director, Tunisian Society for Dairy Products.

This shipment of some 26,000 pounds was part of the 132,000 pounds of U.S. poultry Tunisia has contracted for under Title I, P.L. 480 for delivery before the end of the year.

Four additional shipments similar in size to the first one will be sent to Tunisia shortly.

Freight Rate Cut Confirmed For U.S. Poultry to Greece

The North Atlantic Freight Conference has just made permanent the lower shipping rates to Greece for U.S. poultry put into effect some 2 years ago for an indefinite period. The Conference, a group of the larger U.S. and foreign flag carriers which sets rates for all freight carried by its members, cut poultry rates to Greece from about 10 cents per pound to 5 cents at the request of the U.S. poultry industry.

Immediate result of the lower rate—though still one of the highest rates covering U.S. commodity shipments—was to make U.S. poultry highly competitive in the Greek market. This, teamed with the rising standard of living in Greece, helped push U.S. exports of frozen chickens from the previous yearly average of 405,000 pounds to 16.3 million in 1963. Exports of turkey climbed from zero to 257,000 pounds in the same period.

(Continued from page 9)

Food for Peace has made a distinct contribution in helping countries to emerge economically—countries such as Japan, Spain, Israel, Italy, Greece, and Taiwan. Other countries are coming closer to being able to emerge. The transformation is a gradual one and cannot come overnight.

Long-term credit under Title IV

Title IV of P.L. 480, which makes our farm products available through longterm credit, is an effective program to help bring about this transition. A growing number of countries are using this feature—countries such as El Salvador, Portugal, Peru, Liberia, Venezuela, Chile, Colombia, Ecuador, and a number of others.

As of June 30, we had made export sales agreements under Title IV totaling over a quarter billion dollars and already we had begun to receive payment in dollars for some of the commodities sold early in the program.

Now we sometimes hear it said that what we are doing through Food for Peace to help other countries become economically stronger will only make them tougher competitors against us in the world market.

We do our commercial business where the commercial customers are. We can compete successfully if the money and the markets are there. In vast areas of Asia and Africa, where incomes average only $100 a year, our annual sales of farm products average only 25 cents per person. In our neighboring country, Canada, which is a strong competitor in world markets and where per capita incomes are close to $1,600, our export sales of farm products average $24 per person.

In the absence of Food for Peace, our net balance of payments would be a greater problem than it is today.

Market development is but one of the two dozen or so uses of foreign currencies obtained through Title I sales.

These uses of foreign currencies in lieu of dollars represent substantial savings in our gold and dollar account. Since its beginning, Title I has provided more than $900 million in foreign currencies for payment of U.S. Embassy expenses and other U.S. obligations abroad for which dollars would otherwise have been required, as well as millions more to pay costs of common defense. Under new legislation, we expect to make even more extensive use of such currencies.

As a result of expanded exports, both agricultural and industrial, plus other measures such as the use of P.L. 480 currencies overseas in lieu of dollars, we are making progress in improving our balance of payments position. In the 1959-60 period the rate of gold and dollar loss from the Treasury was running close to $4 billion a year. I have seen estimates that this year it may be only about half that rate. There is good prospect that eventually we can bring our balance of payments into equilibrium, and the Food for Peace contribution is one of the reasons.

Abundance and scarcity

Others in this Conference will be discussing the many humanitarian contributions of Food for Peace. I would like to say that in the absence of this program, we would lack—to an intolerable degree—an essential, practical, functioning bridge between our agricultural abundance and the scarcity which too often is present in the free world.

For many years, good people in our country have remarked upon the growing need for such a bridge. Our church people, our missionaries, some of our foundations have sought in years past to link as best they could our great ability to help with the world's great need for such help. But the need was too massive for these worthy but lonely efforts.

It has taken the magnitude of Food for Peace to form an adequate bridge.

I would like to emphasize, too, that it is a two-way bridge across which benefits are flowing in both directions.

Switzerland Permits Imports of Meat Cuts

Switzerland is now permitting imports of wholesale meat cuts, revising a regulation of March 7, 1947, which had prevented imports of most meat items not in quarters or carcasses.

The new regulations permit imports of beef, mutton, goat, pork, and horsemeat in the following forms: (1) In whole carcasses, halves, quarters, or other large pieces which have not been boned, such as sirloin and shanks; (2) in large cuts such as fillet, haunch, roast beef, trimmed beef muscle, boned frozen sausage meat not reduced into small pieces, and frozen beef tongues; (3) entire organs with the lymph glands attached, except stomachs and intestines.

The new regulations permit English to be used on meat inspection certificates accompanying meat arrivals from foreign sources.

U.S. exports of meat to Switzerland in the first 7 months of 1964 totaled 942,000 pounds, including 719,000 of cattle tongues, 75,000 of beef and pork livers, and 129,000 of other variety meats.

U.K. Lard Imports Rise

U.K. lard imports during the first 7 months of 1964 totaled 367 million pounds, 24 percent more than a year ago. The increase in imports largely reflects a strong demand for shortening; however, direct use of lard is apparently greater than a year earlier.

January-July imports from the United States amounted to 335 million pounds—35 percent larger than a year earlier—and accounted for over 91 percent of imports from all countries. Takings from all other principal suppliers were down.

U.K. IMPORTS OF LARD

Country of origin	January-July			
	1963		1964	
	Quantity	Percent of total	Quantity	Percent of total
	1,000 pounds	*Percent*	*1,000 pounds*	*Percent*
United States	248,810	84.0	334,968	91.4
France	13,196	4.5	7,388	2.0
Germany, West	7,655	2.6	6,990	1.9
Belgium	8,129	2.7	6,520	1.8
Sweden	2,924	1.0	2,250	.6
Netherlands	3,060	1.0	1,500	.4
Denmark	8,831	3.0	6,364	1.7
Others	3,772	1.2	603	.2
Total	296,377	100.0	366,583	100.0

Henry A. Lane & Co., Ltd.

Ireland Imports Breeding Livestock

Ireland is now making some importations of cattle and sheep to improve its native livestock, after many years of maintaining an almost absolute ban on imports because of the danger of introducing new diseases into the country.

Importations will include 22 Dutch Friesian bulls and 7 heifers, 12 Charolais bulls and 12 heifers, and 10 Texel rams and 21 ewes. The Friesians will be used in breeding and progeny testing programs and the Charollais will be used in trials designed to assess their value for crossing with Irish breeds. About 2 years ago a small number of American Charolais cattle were imported by Ireland for similar use.

The Texel sheep are being imported from the Island of Texel off the Dutch coast. These sheep—noted for their early maturity, the quality of their meat, and their good wool yield—are bred mainly for production of early lambs.

West Germany Importing More Beef

Imports of fresh and frozen beef and veal by West Germany in January-June 1964 totaled 62,955 metric tons, 45 percent larger than a year earlier. Imports from other EEC countries this year, at 27,423 tons, were moderately greater than a year earlier with most of the entries from France. Imports from Argentina amounted to 22,654 tons, almost three times larger than in 1963. Imports from Uruguay and Ireland were also unusually large, but imports from Denmark were very small.

WEST GERMAN IMPORTS OF FRESH AND FROZEN BEEF AND VEAL

Country	Jan.-June 1963	Jan.-June 1964
	Metric tons	*Metric tons*
France	24,012.4	25,923.4
Netherlands	2,634.4	1,446.5
Belgium-Luxembourg	103.9	52.9
Total EEC	26,750.7	27,422.8
Argentina	7,297.8	22,654.3
Uruguay	56.1	7,361.2
Ireland	638.5	3,939.4
Denmark	7,700.1	688.5
Others	941.7	888.5
Total	43,384.9	62,954.7

Chile Importing Beef From Argentina

To relieve its meat shortage, Chile is importing frozen and chilled beef and veal as well as increased numbers of cattle from Argentina.

Delivery of the beef and veal was scheduled for late September and the first half of October. Several hundred metric tons were purchased in Mendoza, at the equivalent of $619 per metric ton, f.o.b. the border, and 150 metric tons in Buenos Aires, at $600 per ton. Imports of chilled and frozen beef and veal during July were 1,354 metric tons, bringing the January-July total to 4,803.

Imports of Argentine cattle for slaughter during July totaled 9,755 head. Of this amount, 1,042 entered the Province of Antofagasta. Total imports during the first 7 months of 1964 amounted to 46,700 head.

Cape Mohair Production Increases

Mohair production in the Republic of South Africa and Basutoland this year is expected to continue the upward trend begun in 1960. Estimated at 15 million pounds, grease basis, it is above last year's 14.1 million and sharply higher than 1960's 9.4 million.

The increased production represents a gain in the number of goats clipped and in the average yield per head.

Production of Basuto hair is expected to be about 2 million pounds this year compared with 1.4 million in 1960.

Practically all of the mohair produced is exported. Exports in 1963 totaled 13.8 million pounds, of which 7.5 million went to the United Kingdom, 2.6 million to Japan, 2.0 million to Italy, and 0.6 million to France.

Australian Meat Shipments to the United States

Five ships left Australia during the first and second weeks of September with 9,515,520 pounds of beef, 246,400 pounds of mutton, and 11,200 pounds of variety meats for the United States.

Ship and sailing date	Destination [1]	Arrival date	Cargo	Quantity
	Eastern ports			*Pounds*
Cap Norte	Charleston	Sept. 26	Beef	53,760
Sept. 2	Philadelphia	30	Beef	302,400
	Boston	Oct. 2	Beef	533,120
			Mutton	71,680
	New York	5	Beef	1,850,240
			Var. meats	11,200
	Charleston	Oct. 4	Beef	33,600
Pioneer Glen	New York	13	Beef	138,800
Sept. 3	Philadelphia	15	Beef	67,200
	Baltimore	16	Beef	235,200
			Mutton	67,200
Port St. Lawrence	Norfolk	([2])	Beef	24,640
Sept. 4	Charleston	Sept. 27	Beef	224,000
	Philadelphia	30	Beef	219,520
			Mutton	29,120
	New York	Oct. 1	Beef	1,160,320
	Boston	4	Beef	568,960
American Star	Charleston	Sept. 30	Beef	445,760
Sept. 8	Norfolk	Oct. 1	Beef	367,360
	Philadelphia	2	Beef	152,320
			Mutton	44,800
	New York	4	Beef	1,072,960
	Boston	6	Beef	320,320
			Mutton	33,600
	Western ports			
Ellen Bakke	Tacoma	([2])	Beef	125,440
Sept. 9	Seattle	Oct. 25	Beef	264,320
	Portland	28	Beef	199,360
	Los Angeles	Nov. 5	Beef	736,960
	San Francisco	10	Beef	418,880

[1] Cities listed indicate location of purchaser and usually the port of arrival and distribution area, but meat may be diverted to other areas for sale. [2] To be transshipped.

New Zealand Meat Shipments to the United States

Five ships are scheduled to leave New Zealand during October with 8,288,000 pounds of meat for the United States—4,032,000 for the West Coast and 4,256,000 for the East Coast.

Ship	Sailing date	Destination	Quantity
			1,000 pounds
Monterey	Oct. 9	West Coast	224
Alexander von Humboldt	17	----do----	1,568
Saracen	31	----do----	2,240
Port Lincoln	14	East Coast	2,464
Middlesex	31	----do----	1,792

Argentine Beef Exports Drop

Argentina exported 247,619 metric tons of fresh and frozen beef carcass and variety meats during the first half of 1964—6 percent less than a year earlier. Exports to the United Kingdom, Spain, Peru, and Greece were down sharply, but those to nearly all other destinations were up. Exports to Italy this year, at 64,267 tons, were 44 percent greater than in the first half of 1963. West Germany was the third largest export destination this year, taking 31,155 tons. Exports of both chilled and frozen beef to the United Kingdom were down significantly.

ARGENTINE EXPORTS OF CHILLED AND FROZEN CARCASS BEEF AND BEEF VARIETY MEATS JANUARY-JUNE 1963-64

Country of destination	Beef and variety meats		Variety meats	
	1963	1964	1963	1964
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*
United Kingdom:				
Chilled	112,553	58,868	---	---
Frozen	23,361	16,098	9,732	6,680
Italy	44,650	64,267	3,936	4,631
Germany, West	8,093	31,155	167	522
Netherlands	6,402	13,823	527	969
Belgium	7,355	10,321	102	282
Hungary	2,771	9,741	([1])	([1])
Switzerland	2,385	8,178	580	691
France	1,991	7,399	1,975	3,038
Israel	2,280	6,079	9	30
Chile	1,530	4,146	---	470
Germany, East	---	3,213	---	([1])
Spain	27,941	3,094	2,162	990
Peru	3,177	2,686	1,425	1,388
Greece	9,409	2,614	447	324
Portugal	1,122	2,061	---	60
Poland	425	2,000	([1])	([1])
Norway	362	961	37	35
Other countries	7,165	915	331	79
Total	262,972	247,619	21,430	20,189

[1] If any included in other countries.

Sweden Importing More Variety Meats

Sweden increased its variety meat imports from 2.5 million pounds in the first half of 1963 to almost 4 million in the first half of 1964. The United States has supplied more than half of the imports thus far in 1964, a considerably higher percentage than in 1963. Total imports by Sweden in the full year 1964 are almost certain to exceed 1963's by a large margin.

SWEDEN'S IMPORTS OF VARIETY MEATS

Country	1962	1963	Jan.-June	
			1963	1964
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
United States	2,151	2,532	1,102	2,123
Denmark	868	1,642	916	685
Canada	154	545	---	359
Ireland	234	295	85	276
Hungary	182	364	145	186
Yugoslavia	126	327	141	163
Australia	427	267	137	156
United Kingdom	14	---	---	22
Others	99	45	28	26
Total	4,255	6,017	2,554	3,996

Mexico Sets Beef and Cattle Export Quotas

The Mexican Government has announced the new quota for cattle and beef exports during the year ending August 31, 1965. At 1,390,000 head of cattle, the quota is only slightly higher than the 1,385,000 head for the previous year. It is divided as follows: 742,000 head of cattle to be exported alive; 427,000 to be slaughtered and exported as meat; and a reserve of 221,000, which may be marketed either as cattle or beef.

Total exports are expected to be below the quota, however, as those to the United States—which accounts for virtually all Mexican cattle exports—have been on a downward trend since last fall. Only 218,000 cattle and calves entered the United States from Mexico in January-July 1964 compared with 430,000 a year earlier. U.S. imports of

Mexican beef amounted to 30.7 million pounds compared with 39.8 million a year earlier.

The main Mexican States that will account for the biggest part of the quota this year and their quotas in thousands of head are as follows: Chihuahua 320, Sonora 300, Durango 131, Coahuila 130, Nuevo Leon 100, Tamaulipas 60, and Zacatecas 55.

This spring Mexico agreed to limit its beef and veal exports to the United States in the calendar year 1964 to 66.3 million pounds, in 1965 to 68.8 million, and in 1966 to 71.2 million. U.S. imports from Mexico in 1963 totaled 73 million pounds.

U.S. IMPORTS OF CATTLE AND BEEF AND VEAL FROM MEXICO

Year and period	Beef and veal	Cattle and calves
	Million pounds	*1,000 head*
1960	39.1	391
1961	53.4	543
1962	59.3	752
1963	73.0	585
January-July:		
1963	39.8	430
1964	30.7	218

Italy Becomes World's Largest Feed Grain Importer

With a record import of 4.9 million metric tons, Italy in 1963-64 became the world's largest importer of feed grains, according to preliminary reports.

Strong demand by the country's growing livestock industry was largely responsible for the increased imports, which in 1963-64 exceeded the country's own domestic production of 4.5 million tons and were a million tons higher than imports in the previous year. The gain represents a continuation of the sharp upward trend of recent years; just 5 years ago, in 1958-59, Italy's feed grain imports were only a million tons.

Principal suppliers in 1963-64 were Argentina, with 1,828,738 metric tons; the United States, 1,142,656; and France, 321,422.

French Wheat Crop To Increase, Other Grains To Drop

The French Ministry of Agriculture estimates the country's 1964-65 wheat crop at a near-record 498 million bushels. This represents a sharp gain from last year's poor crop of 373 million and is second only to the 1962-63 high of 509 million.

Other grains, however, are expected to decline. Corn production is estimated at 78.7 million bushels against 145.7 million in 1963-64; barley, 307.7 million (335.3 mil.); oats, 151.6 million (192.9 mil.); and rye, 15 million (13.6 mil.).

Exports of wheat should be well above last year's level of 2,677,697 metric tons, and barley exports will likely be maintained at near last year's 2,398,519 tons. Those of corn, however, will probably decline considerably from last year's high of 848,413 tons.

Netherlands Rice Imports Increase Sharply

The Netherlands rice imports during January-July 1964 totaled 62,800 metric tons—23,100, or 58 percent, above those in the 1963 period and almost 8,000 above those for all of 1963. If imports continue strong, the year's total will likely surpass the average for the 1956-60 period.

Principal increases were in imports from Thailand. However, those from the United States, Communist China, and Belgium-Luxembourg also rose substantially.

Shipments from Italy and West Germany increased only slightly, but those from Belgium-Luxembourg were up sharply, bringing the total imports from the EEC, 3,300 tons above the 1,600 tons for the 1963 period.

Semimilled rice imports during the first 7 months of 1964 were 16,700 tons above the 29,400 of the previous year. The major increase was in shipments from Thailand, but those from the United States also were big gainers, up by 72 percent to 10,500 tons.

Milled whole rice imports rose slightly. Of the 5,200 tons imported, 4,800 were from the United States.

Broken rice imports, at 11,500 tons, were 3,300 tons above the 1963 level. Belgium-Luxembourg and Thailand accounted for the largest increase. The Netherlands received 1,000 tons from Cambodia as compared with none in the previous year.

NETHERLANDS IMPORTS OF RICE

Country of origin	Average 1956-60	1963	January-July 1963	January-July 1964
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*
Argentina	393	1,583	1,010	851
Australia	920	938	835	(1)
Burma	7,791	(1)	(1)	593
China, Communist	8,340	1,117	508	4,678
Egypt	2,156	748	748	990
Korea, North				
Vietnam, North	2,321	(1)	(1)	(1)
Pakistan	82	2,032	(1)	(1)
Surinam	1,699	4,910	3,391	3,401
Thailand	27,814	17,146	16,731	28,270
Vietnam, South	604	3,662	3,072	842
United States	7,622	15,183	9,184	15,372
Other countries	3,838	3,384	2,603	2,914
Total	63,580	50,703	38,082	57,911
EEC countries:				
Belgium-Luxembourg	5,179	1,876	723	3,276
France	208	---	---	---
Italy	2,608	1,796	412	922
Germany, West	1,306	676	457	692
Total	9,301	4,348	1,592	4,890
Total, all rice	72,881	55,051	39,674	62,801

[1] If any, included in "other countries."

Maandstatistick van de in-, vit-en doorvoer per goederensoort.

Rhodesian Flue-cured Auction Prices

Auction prices of Rhodesian flue-cured tobacco on the Salisbury market for the 30th week of sales averaged the equivalent of 22.8 cents per pound. About 10.5 million pounds were sold during that week, which ended October 1.

Cumulative sales through the 30th week totaled 299 million pounds at an average of 31.2 cents. A year ago, sales were completed during the 30th week and totaled 194.8 million pounds, at an average of 48.6 cents.

Greek Tobacco Exports Increase

Greek exports of unmanufactured tobacco during the first 6 months of 1964 totaled 58.9 million pounds—up 5 percent from the 56.0 million shipped out in January-June 1963. Reduced shipments to the United States, East Germany, and the USSR were more than offset by increases in exports to Italy, Switzerland, Finland, Poland, Czechoslovakia, Hungary, and Egypt.

Exports to the United States, at 20.7 million pounds, were 22 percent under those for January-June 1963. Ship-

ments to Italy rose from 4.4 million pounds last year to 6.0 million; to West Germany, from 5.5 million to 5.8 million; and to Poland, from 2.4 million to 5.1 million.

Shipments to the six members of the Common Market, at 13.2 million pounds, were up 27 percent from last year. The Soviet Bloc countries purchased 15.7 million pounds, compared with 13.5 million in January-June 1963.

GREEK EXPORTS OF UNMANUFACTURED TOBACCO

Destination	January-June	
	1963	1964
	1,000 pounds	*1,000 pounds*
United States	26,440	20,664
Italy	4,416	5,997
Germany, West	5,549	5,849
Poland	2,405	5,141
USSR	7,383	4,561
Czechoslovakia	1,960	3,605
Egypt	974	3,349
Switzerland	668	1,863
Hungary	547	1,662
Finland	708	1,532
Austria	968	1,292
Belgium	293	798
Israel	406	783
Germany, East	1,162	686
Netherlands	148	507
Others	1,935	640
Total	55,962	58,929

Tobacco Intelligence, London.

Canadian Sales of Cigarettes and Cigars

Cigarette sales in Canada, based on tax paid withdrawals, during the first 6 months of 1964 totaled 19.8 billion pieces—down 4 percent from the 20.6 billion sold in January-June 1963. On the other hand, cigar sales were up by 32 percent to 241.7 million pieces from 182.8 million.

Peru Grows More Tobacco

Peru's 1964 harvest of tobacco is placed at about 6.8 million pounds, compared with 6.6 million in 1963 and 6.3 million in 1962. Most of the tobacco consists of dark types of leaf for use locally in the manufacture of cigarettes. Major producing areas are the regions of Tarapoto, Tumbes, Jaen, and Tingo Maria.

Peru imports very little leaf tobacco but makes sizable purchases of cigarettes abroad—mainly from the United States. In 1963, such imports exceeded 2 million pounds.

By a decree dated March 13, 1964, the Peruvian Ministry of Finance and Commerce established free marketing of tobacco products in the country. Formerly, the Tobacco Monopoly (Estanco de Tabaco) had held complete control of the tobacco industry. For the present, the Monopoly will continue to operate its manufacturing facilities, but it is believed that eventually the production of tobacco products will be taken over by private trade.

French Walnut Production Up

The 1964 commercial walnut crop in France is estimated at 34,000 short tons (inshell basis)—up 6 percent from 1963 and one-third larger than the 1958-62 average crop of 25,400 tons. This increase, which occurred in spite of a drought during the growing season, is reportedly the result of new intensive plantings coming into production, mainly in the Bordeaux area.

Because of the dry weather the nuts will require less artificial drying and will move into marketing channels rapidly. Also, lower beginning prices are expected to stimulate early sales.

Exports, estimated at 15,500 tons, for the 1963-64 season were somewhat below 1962-63 shipments owing to increased domestic consumption. West Germany was again the predominant buyer of inshell walnuts, taking almost three-fourths of the total. The United Kingdom and West Germany were the leading buyers of kernels with 40 and 20 percent of total exports respectively. Over two-thirds of France's exports are as inshell nuts.

FRENCH SUPPLY AND DISTRIBUTION OF WALNUTS INSHELL BASIS

Item	Year beginning October 1		
	1962	1963 [1]	1964 [2]
	Short tons	*Short tons*	*Short tons*
Supply:			
Stocks on hand, October 1	---	---	200
Production	31,000	32,000	34,000
Imports	---	200	---
Total supplies	31,000	32,200	34,200
Distribution:			
Exports	17,500	15,500	17,500
Domestic disappearance	13,500	16,500	16,500
Stock on hand, September 30	---	200	200
Total distribution	31,000	32,200	34,200

[1] Preliminary. [2] Forecast

Large Indian Walnut Crop

India's 1964 walnut crop is estimated at 14,000 short tons. This would be 1,000 tons above the 1963 crop and well above the 1958-62 average production of 11,700 tons but still substantially smaller than the 15,500-ton 1960 crop. Some industry sources, however, describe the crop as "below normal," but lower beginning-of-season prices seem to support the high estimate.

Indian walnuts are for the most part exported; there is a small but rising domestic consumption. Exports during the 1963-64 (October-September) season are estimated at 9,400 tons as compared with 7,900 the year before. The United Kingdom, the United States, Australia, and Canada remained the most important buyers in 1963-64.

Domestic use is estimated to have declined to 3,300 tons from 4,100 tons in 1962-63. This drop is reportedly because of abnormal military demand in the earlier period which was not a factor during the 1963-64 season.

All exports of both shelled and inshell walnuts contracted since October 5, 1963, have come under the new grading and marketing rules, popularly called "Agmark." These rules are an attempt to upgrade Indian agricultural exports on the world market.

INDIA'S SUPPLY AND DISTRIBUTION OF WALNUTS

Item	Year beginning October 1		
	1962	1963 [1]	1964 [2]
	Short tons	*Short tons*	*Short tons*
Supply:			
Stocks on hand Oct. 1	100	200	500
Production	12,100	13,000	14,000
Imports	0	0	0
Total supply	12,200	13,200	14,500
Distribution:			
Exports	7,900	9,400	10,200
Domestic disappearance	4,100	3,300	3,800
Stocks on hand, Sept. 30	200	500	500
Total distribution	12,200	13,200	14,500

[1] Preliminary estimates. [2] Forecast.

U.S. Cotton Exports Lower in August

Exports of U.S. cotton (all types) amounted to 120,000 running bales in August, the first month of the 1964-65 season. This figure was down sharply from the 697,000 bales exported in July 1964 and the 274,000 shipped in August of 1963.

Sales of cotton for export in the 1964-65 season under the competitive bid sales program and other export programs totaled 376,862 bales through October 5. This compares with 2,380,000 bales at the same time a year ago.

U.S. COTTON EXPORTS BY COUNTRY OF DESTINATION
(Running bales)

Country of destination	Year beginning August 1			August	
	Average: 1955-59	1962	1963	1963	1964
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Austria	33	13	23	2	(1)
Belgium & Luxem.	160	72	176	8	3
Bulgaria	0	0	19	0	0
Denmark	17	13	16	1	(1)
Finland	22	13	10	(1)	1
France	360	180	380	22	16
Germany, West	475	101	401	30	14
Hungary	0	0	18	0	0
Italy	416	192	441	21	19
Netherlands	124	71	127	6	1
Norway	10	10	14	(1)	(1)
Poland & Danzig	85	62	132	7	(1)
Portugal	28	7	35	(1)	0
Spain	171	(1)	14	(1)	0
Sweden	75	56	88	3	1
Switzerland	64	37	95	9	5
United Kingdom	525	139	286	16	2
Yugoslavia	108	113	78	0	4
Other Europe	17	3	20	2	2
Total Europe	2,690	1,082	2,373	127	68
Australia	54	41	91	6	5
Canada	217	271	448	31	2
Chile	35	24	2	(1)	(1)
Colombia	33	1	14	(1)	0
Cuba	27	0	0	0	0
Ethiopia	4	15	9	0	0
Hong Kong	134	79	187	13	1
India	184	198	314	1	18
Indonesia	30	51	20	0	0
Iraq	0	0	20	0	0
Israel	16	7	26	(1)	1
Japan	1,154	895	1,300	39	11
Korea, Rep. of	205	236	313	25	4
Morocco	10	8	15	1	(1)
Pakistan	14	8	8	(1)	0
Philippines	64	108	140	7	5
South Africa	26	19	37	1	2
Taiwan (Formosa)	153	223	189	10	1
Thailand	4	22	39	5	1
Uruguay	15	0	(1)	0	0
Venezuela	2	5	12	0	0
Vietnam [2]	2	36	75	7	(1)
Other countries	27	22	28	1	1
Total	5,100	3,351	5,660	274	120

[1] Less than 500 bales. [2] Indochina prior to 1958. Includes Laos and Cambodia.

Turkish Olive Oil Outturn To Increase

Turkish outturn of edible olive oil in 1964-65 is unofficially forecast at 90,000 metric tons, compared with 65,000 and 50,000 tons in 1963-64 and 1962-63 respectively (*Foreign Agriculture*, March 30, 1964). This is over 40 percent above the 4-year average for the 1954/55-1957/58 period.

Olive oil stocks from the 1963 olive crop are estimated at about 20,000 tons. Thus, with production forecast at 90,000 tons and domestic consumption increasing to an estimated 50,000 tons, the exportable surplus including stocks would be 60,000 tons. Reportedly, there have been steady sales to Italy at about $530 per metric ton c.i.f. (24.0 U.S. cents per pound)—or approximately $500 per ton f.o.b. (22.7 U.S. cents per pound).

Exporters believe that with present domestic prices for 5-percent acidity olive oil at about 430 kurus per kilo (21.7 U.S. cents per pound), exports will continue at a slow but steady pace. Turkish exports in the current marketing season beginning November 1, 1963, are expected to decline to about 14,000 tons from the 19,500 tons exported in 1962-63 and the 21,300 tons in 1961-62. However, exports in the 1964-65 season are expected to gain substantially.

India's 1963-64 Flaxseed Production Down

India's 1963-64 flaxseed crop was 15,161,000 bushels from 4,829,000 acres, according to the final official estimates. Estimates for 1962-63, partially revised, were 17,038,000 bushels from 4,692,000 acres.

The 3-percent increase in area from 1962-63 is attributed to favorable weather at seeding time; the 11-percent decline in production reportedly resulted from the shortage of winter rains and damage caused by a cold wave in January 1964.

Uruguay's Flaxseed Area at 1963-64 Level

Seeding of Uruguay's flaxseed crop, to be harvested during December 1964-February 1965, is almost completed, and trade sources indicate that the area will be about the same as the 325,000 acres of 1963-64—a year when seedings were reduced because of bad weather.

No expansion is foreseen this year because of the government's loan program for seeding wheat. Farmers in many areas who can raise either flaxseed or wheat are expected to favor wheat.

Applying the average per unit yield of the last 5 years to this year's estimated seedings gives a production of 2.8 million bushels, compared with the revised estimate of 2.4 million in 1963-64.

Uruguay has exported no flaxseed since 1962 (1.1 million bu.) because export taxes have favored oil rather than seed exports. During January-August 1964, linseed oil exports were 6,592 short tons compared with 23,997 in the same period last year and 36,574 tons in calendar 1963. Exports of linseed cake and meal through August of this year totaled 8,684 tons against 37,069 in the first 8 months of 1963 and 47,794 in calendar 1963.

Argentine Flaxseed Acreage Drops Sharply

The second official estimate places Argentine area seeded to flaxseed for the 1964-65 crop at 3,113,460 acres. This is 11 percent below last year's seeded area and 5 percent under this year's first official estimate.

If the average yield per seeded acre should approximate the 9.2-bushel average of the last 5 years, production from the 3.1 million seeded acres would be about 29 million bushels; the 1963-64 crop was 30.4 million.

Congo's Sugar Production Cut

The 1963-64 output of sugar in the Republic of the Congo (Leopoldville) has been reduced because rebel forces have occupied the Sucraf sugarmill and plantations

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for many months. Operations have been halted, and it is doubtful that any sugar will be produced at the mill during the remainder of the present season.

Although production is being increased at the country's other mill, Moerbeke, the 1964-65 level will be nearly 20 percent below the previous year's. It is believed that this production will be adequate for supplying the section of the country still free of rebel activity, but it appears there will be little or no sugar for the "occupied" areas.

Sugarbeet Output Up in Yugoslavia

Preliminary data released by the Yugoslav Government indicate that the 1964-65 sugarbeet crop will be 5 percent above last year's level. Good growing conditions have offset the reduction in planted acreage.

Actual sugar production in 1964-65, however, will probably be slightly below the previous year, because of a sharp reduction in the sugar content of the beets.

Yugoslavia now produces about 400,000 short tons (raw value) of sugar and is a small net importer.

Finland's Butter Exports Rise

Finland's butter exports totaled 32 million pounds in January-June 1964, compared with 13 million pounds in the same period a year ago.

Shipments to the United Kingdom, the major market, were 27 million pounds compared with 12 million, while exports to West Germany, at 1 million pounds, were up slightly.

Sales were also made to several countries that were not outlets for Finnish butter in January-June 1963. These included Switzerland, Czechoslovakia, and East Germany, which took 1 million pounds each, and the USSR 450,000.

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